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# Annual report 1958-59



## ALBERTA GOVERNMENT TELEPHONES





Edmonton, Alberta,

October 1, 1959.

To His Honour,

J. J. Bowlen,

Lieutenant Governor of the Province of Alberta,

Edmonton, Alberta.

Sir:—

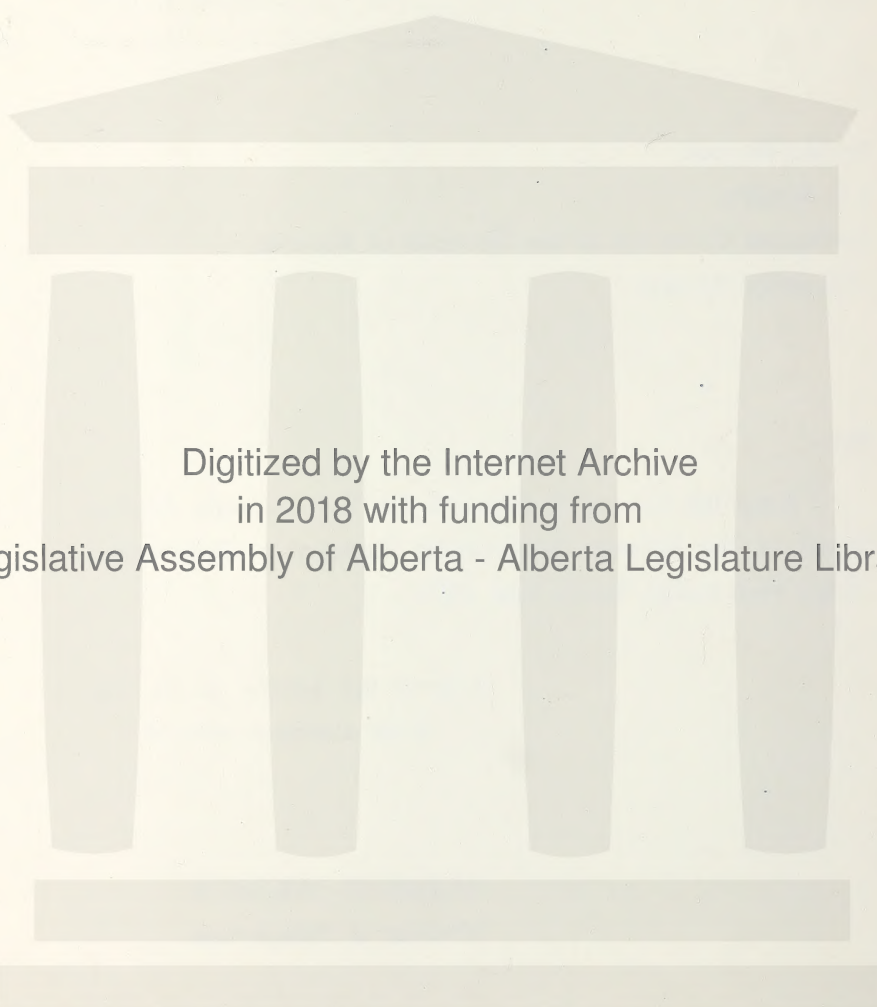
I have the honour to transmit the Forty-seventh Annual Report of the Alberta Government Telephones Commission for the year ended March 31st, 1959.

I have the honour to be, Sir,

Your obedient servant,

RAYMOND REIERSON,

Minister of Telephones.



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Edmonton, October 1, 1959

Honorable Raymond Reiersen,  
Minister of Telephones,  
Province of Alberta,  
EDMONTON, Alberta.

Dear Sir:—

It is an honor to present the forty-seventh Annual Report of the Alberta Government Telephones for the fiscal year ending March 31st, 1959.

The rate of growth of the System during the year under review was maintained in line with the growing provincial economy. Long distance business showed a marked increase of 14.1% over the previous year, while exchange business showed an increase of 11.3%. Our investment in plant during the year increased by \$20,251,166.00 much of it being directed to the improvement in toll facilities. If we are to meet our commitments for the introduction of Direct Distance Dialing and Toll Centering programs additional capital expenditures will be required over the next several years.

During the past ten years our total revenues have been increasing at an average rate of 15% while our total expenses have been advancing at an average rate of 18%. It is inevitable that with our present rate structure we will be faced in the near future with a situation where our revenues will no longer be adequate to meet our financial obligations. For this reason some serious consideration should be given to a revision of our present rate structure.

On April 1, 1958 by Act of Alberta Provincial Legislature, Alberta Government Telephones became a Crown Corporation administered by a Commission with the Minister of Telephones as Chairman.

## REVENUE

The general uptrend in business activity during the past fiscal year is reflected in the improved operating revenues, both exchange and toll. Exchange service revenues have shown a constant increase over the previous year while toll revenues showed their greatest increase in the last quarter of the fiscal year. Exchange revenues at \$9,344,086 are up 11.3% over last year and toll revenues at \$13,474,846 are up 14.1%. The increase in exchange revenues is due primarily to the continued demand for service resulting from the steady expansion of housing developments in most of the larger centres of the Province, particularly Calgary. The increase in toll revenues can be attributed to a great degree to the improvement of long distance facilities. Usage of long distance facilities has remained at a high level throughout the year despite some slackening in the oil business. Non-operating revenues showed a substantial increase over last year as a result of interest earnings on proceeds of the bond issue, which were re-invested in short term securities until required for capital expenditures.

## **OPERATING EXPENSES**

Total operating expenses of \$13,455,337 were up 17.8% over last year, the greater part of the increase again being due to increased maintenance costs, brought about by higher wage rates and more costly material required in the maintenance of new central office equipment. The introduction of more modern and complex equipment is also resulting in a requirement for a higher standard of training among maintenance personnel. However, it is anticipated that these higher maintenance costs will be more than off-set by the increase in efficiency provided by the newer toll equipment.

Other operation expenses were up 11.3% over last year, the increase being due to necessary increases in operating and clerical staffs to handle increased business and also increased wage and salary costs. The increase in the allowance for depreciation reflects the growth in plant during the past year.

## **INTEREST AND OTHER DEDUCTIONS**

Interest on the telephone debt amounted to \$3,243,034 for the year, an increase of 47.6% over the previous year. An amount of \$92,411 representing the interest cost of money used while plant is under construction, was deducted from the total interest charges and capitalized. The large increase in interest costs is the result of borrowings required to finance the heavy construction program of the past year.

Pension fund contributions of \$588,489 charged to operating costs were up \$102,720 over last year and again reflect the increase in both number of staff and in wages and salaries on which pension fund contributions are calculated.

## **FINANCING**

During the fiscal year under review capital funds required, in addition to those available from internal sources, were raised through the sale of \$28,000,000 in debentures on July 2nd, 1958. The proceeds of this issue were used to pay off a note of \$12,000,000 due the Provincial Treasury and to finance the balance of the construction program for the year.

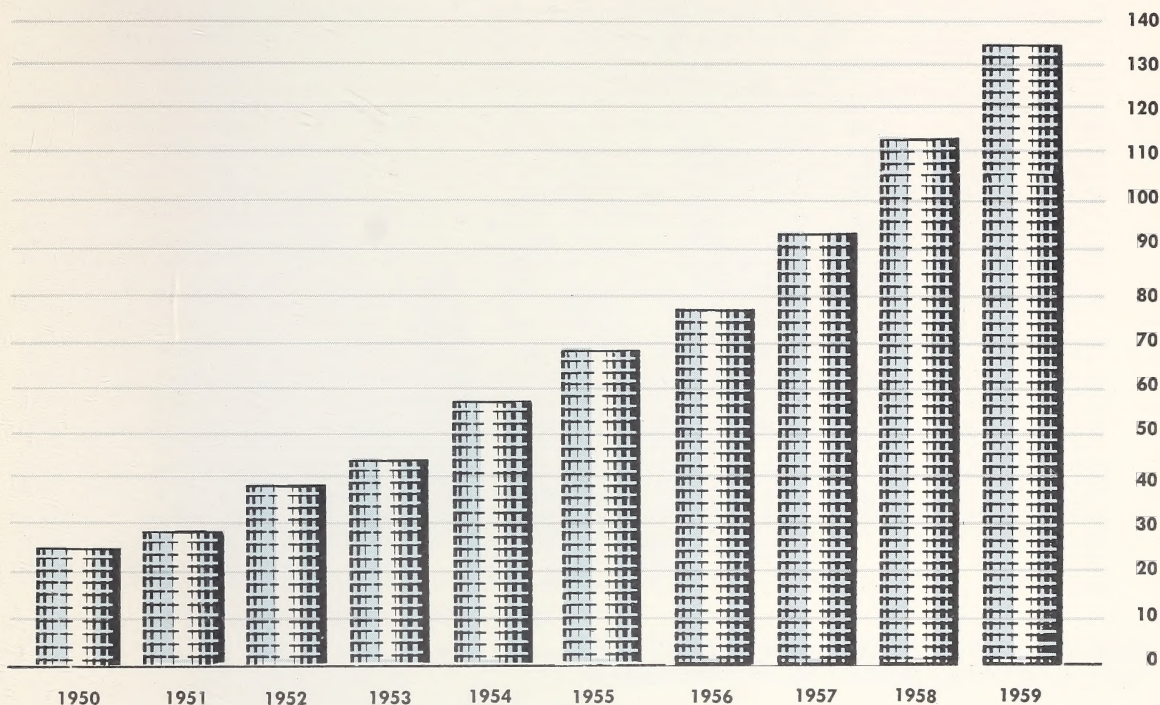
## **EARNED SURPLUS**

The earned surplus for the year of \$2,217,143 although down \$774,703 from last year, is considerably greater than had been anticipated in original forecasts of operations for the 1958-59 fiscal year. However, despite the recovery in rate of increase of revenues from the effects of the recession of the previous year, the continued increase in operating and interest costs is the cause for concern with respect to a revision of our rate structure.



## TOTAL PLANT INVESTMENT IN MILLIONS OF DOLLARS

(AS AT MARCH 31st EACH YEAR)



### TELEPHONE PLANT

At March 31, 1959 total telephone plant in service or under construction totalled \$134,874,290, an increase of \$20,251,166 over last year. This increase is due very largely to the installation of exchange and toll equipment to meet the requirements of the Toll Centering plan and the Operator Distance Dialing Program. The increase by categories of plant is as follows:—

	March 31/59	March 31/58	Increase
Land and Buildings .....	\$ 18,468,594	\$ 17,523,805	\$ 944,789
Equipment .....	66,980,179	55,504,088	11,476,091
Exchange Lines .....	22,136,856	20,548,266	1,588,590
Toll Lines .....	19,148,801	18,725,625	423,176
Office Furniture and Equipment .....	1,113,929	994,273	119,656
Tools, Vehicles, etc. ....	1,383,975	1,099,745	284,230
Deferred Construction Charges .....	213,231	227,322	14,091*
Plant under construction ..	5,428,725	—	5,428,725
	<u>\$134,874,290</u>	<u>\$114,623,124</u>	<u>\$20,251,166</u>
			Decreased*



## TELEPHONE DEBT

Our capital obligations increased during the fiscal year by \$25,971,960 as a result of the net effect of the issue of \$28,000,000 in debentures and repayments on our long term debt to the Provincial Treasurer totalling \$2,028,040. Interest payments on the long term debt amounted to \$2,274,850 for the year.

The following table shows the debt position as at March 31, 1959:—

Original amount of loan	Principal Repaid	Interest Payment	Total Payment	Outstanding Debt March 31, 1959
\$ 18,000,000.00	\$ 4,744,731.62	\$ 6,884,161.99	\$11,628,893.61	\$13,255,268.38
2,000,000.00	486,744.44	462,234.25	948,978.69	1,513,255.56
5,000,000.00	1,048,438.20	975,723.24	2,024,161.44	3,951,561.80
7,000,000.00	1,238,938.06	1,194,452.93	2,433,390.99	5,761,061.94
8,000,000.00	1,097,601.10	1,365,551.43	2,463,152.53	6,902,398.90
8,000,000.00	862,589.40	1,100,760.01	1,963,349.41	7,137,410.60
7,000,000.00	556,143.08	717,154.30	1,273,297.38	6,443,856.92
10,000,000.00	520,419.93	721,152.91	1,241,572.84	9,479,580.07
10,000,000.00	222,846.33	627,644.16	850,490.49	9,777,153.67
\$ 75,000,000.00	\$10,778,452.16	\$14,048,835.22	\$24,827,287.38	\$64,221,547.84 (1)
28,000,000.00	—	570,000.00	570,000.00	28,000,000.00 (2)
<u>\$103,000,000.00</u>	<u>\$10,778,452.16</u>	<u>\$14,618,835.22</u>	<u>\$25,397,287.38</u>	<u>\$92,221,547.84</u>

(1) Owing to Provincial Treasurer.

(2) Debenture Debt.

## EXCHANGE TELEPHONES

The demand for exchange service continued at a high rate throughout the year and resulted in a net increase of 15,436 Alberta Government Telephone sets. In addition there was an increase of 1,084 rural subscribers and 11,023 in the City of Edmonton Telephone System all of whom are connected to the Alberta Government Telephones for long distance service. At the end of the fiscal year we were giving service to 335,942 telephones within the Province of Alberta, made up as follows:—

A.G.T. Owned	199,747
Rural Mutual Co. Owned	29,739
City of Edmonton Owned	106,456
	<u>335,942</u>

Although the net increase in sets was some 3,111 less than the previous year this result called for more work on the part of our installation forces, due to the increased number of moves caused by the opening up of new residential and business areas. This is illustrated by the following figures comparing sets connected and disconnected with those for the previous fiscal year:—

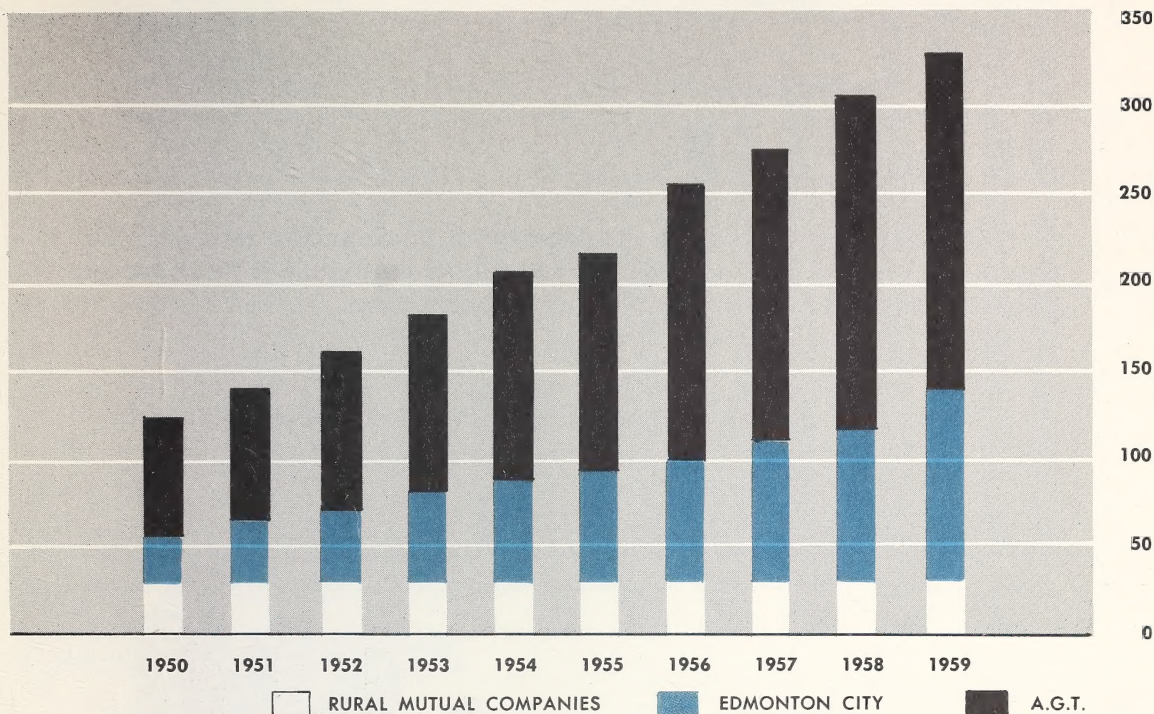
	Connected	Disconnected	Net Gain
April 1/57 to March 31/58	40,742	22,195	18,547
April 1/58 to March 31/59	42,166	26,730	15,436

At the end of the year there were 3,809 applicants waiting for telephones most of whom would receive service early in the new fiscal year as a result of new central office equipment being put into service. The extensive cable distribution program planned for Calgary and other centres during the summer of 1959 should also bring the held application situation within reasonable limits.



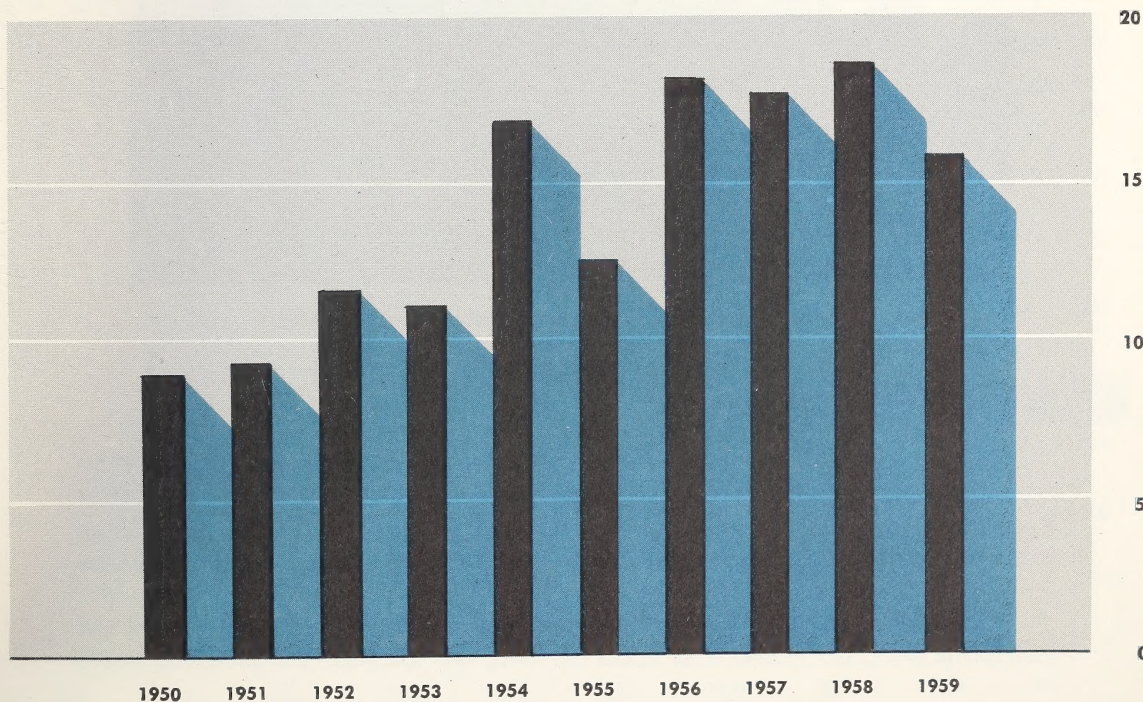
## DISTRIBUTION OF TELEPHONES IN THOUSANDS IN ALBERTA FOR THE 10 YEAR PERIOD

(APRIL 1, 1950 — MARCH 31, 1959)



## INCREASE IN TELEPHONES IN THOUSANDS

(AS AT MARCH 31st EACH YEAR)





Our policy of converting from manual to dial operation, where feasible, resulted in the conversion of the following offices to dial operation during the year:

**Fort McMurray**

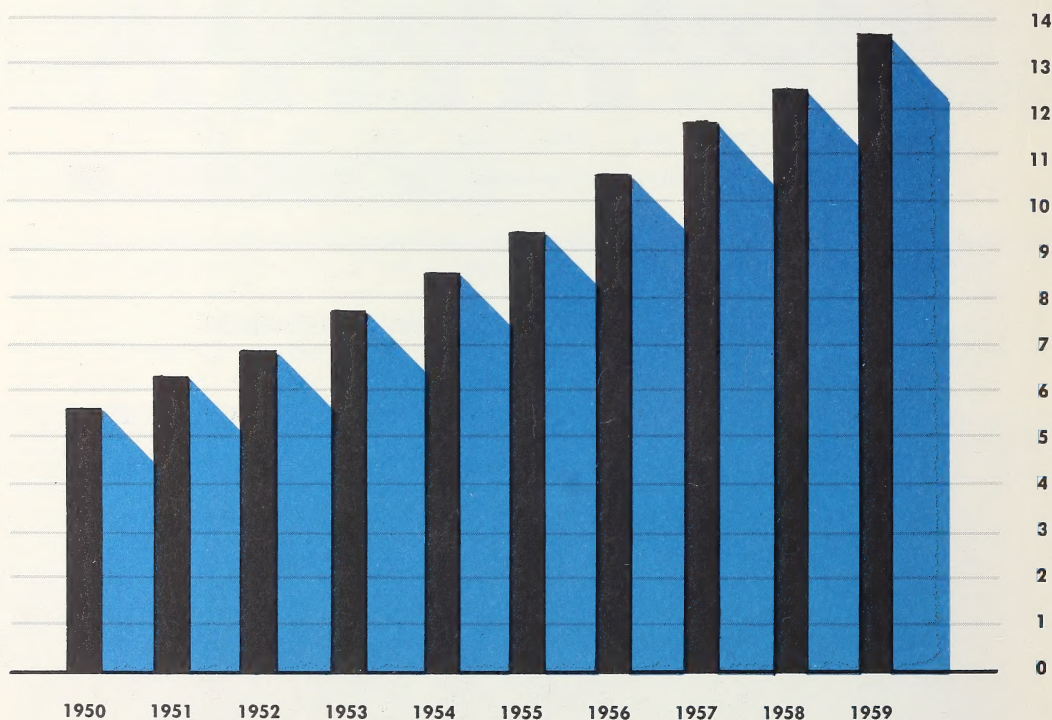
**Millet**

**Westaskiwin.**

These conversions bring the number of communities receiving dial service to 71. The remaining offices throughout the province will be converted as soon as circumstances warrant such action being taken.

## NO. OF LONG DISTANCE MESSAGES IN MILLIONS

(AS AT MARCH 31st EACH YEAR)



### LONG DISTANCE

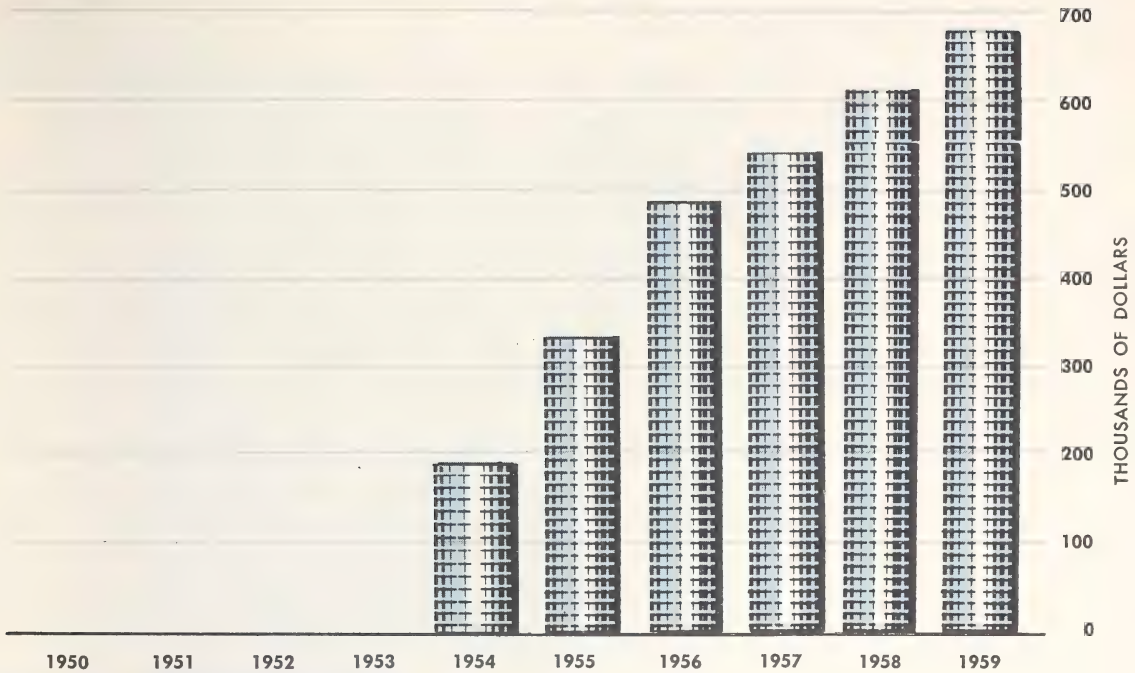
Steps were taken during the year to further implement the continuing program of mechanization of long distance service. Additional Central Office equipment was installed in both Calgary and Edmonton and more toll lines were added between toll centres, providing improved long distance service.

A total of 13,769,493 long distance messages was completed during the last fiscal year, an increase of 1,223,681 over the total for the previous year.



## TELETYPE — ANNUAL REVENUE

(AS AT MARCH 31st EACH YEAR)



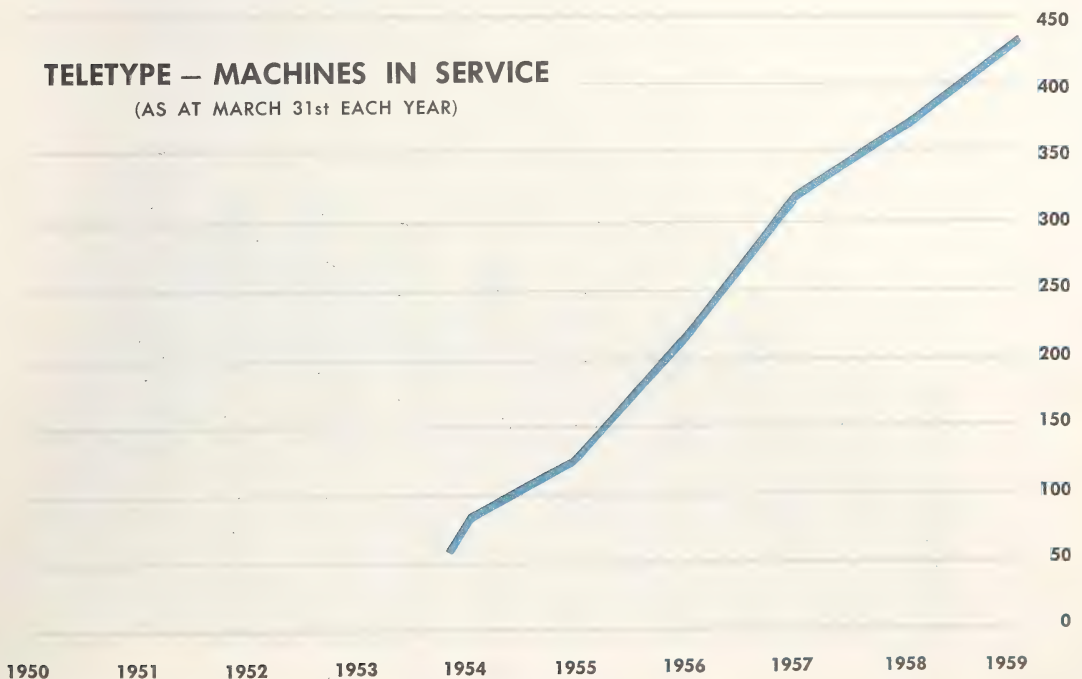
### SPECIAL SERVICES

#### TELETYPE SERVICE

Since the A.G.T. became actively engaged in the promotion of leased line service in 1953 revenue from this type of service has steadily increased each year until it reached well over \$826,000 for the fiscal year under review. The services offered have been expanded to provide almost any type of leased line service and integrated data processing equipment. New markets and applications are constantly developing and it is expected that income from this source will continue to show substantial gains.

#### TELETYPE — MACHINES IN SERVICE

(AS AT MARCH 31st EACH YEAR)



# MOBILE TELEPHONE SERVICE

We are supplying complete mobile communications to seven pipe line companies in Alberta and a low power industrial system at one of the Edmonton refineries. Negotiations with other firms are continuing for the provision of similar systems.

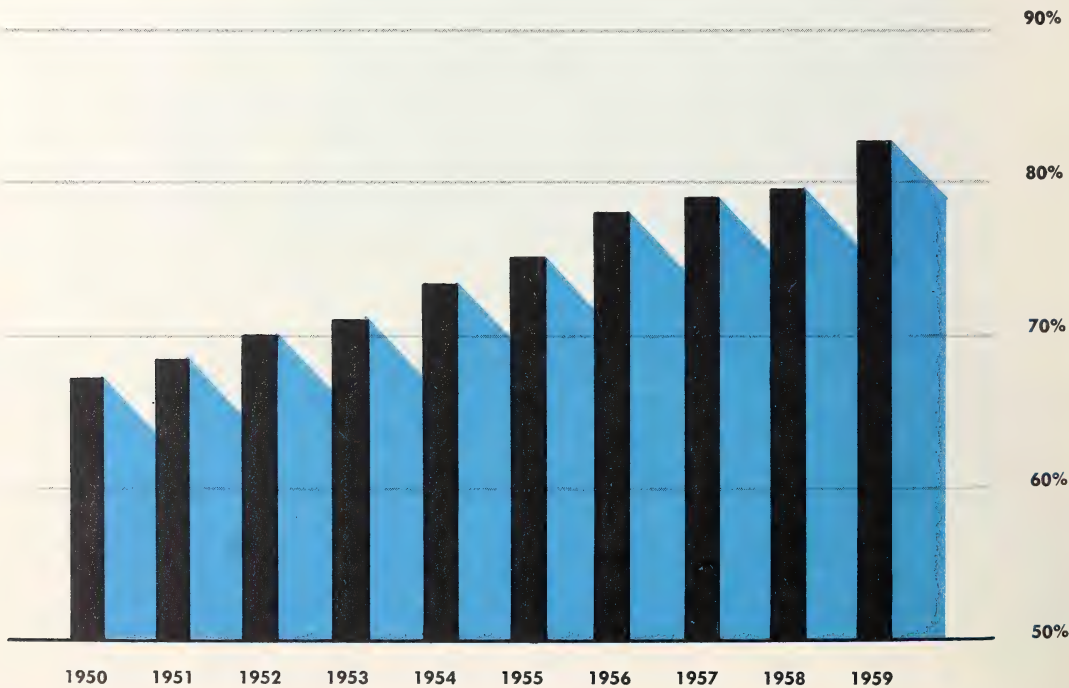
Sales in our new Direct Dispatch Services have been very good. We now have 21 subscribers utilizing 87 mobile units in Calgary and Edmonton. Studies are now underway which we believe will indicate a requirement for additional systems in both Calgary and Edmonton.

The conversion of our General Mobile network from voice calling to selective calling is well underway. At present we provide service to 809 privately-owned units and 140 A.G.T. owned units for a total of 949.

A new high frequency terminal has been established at Peace River to supply long range radio communications to subscribers in the far north.

## PERCENT OF DIAL TELEPHONES

(APRIL 1, 1950 — MARCH 31, 1959)





## **FUTURE DEVELOPMENTS**

During the fiscal year 1959-60 six exchanges totalling over 11,000 terminals will be converted to dial operation. In addition 10,200 terminals will be added to fifteen existing dial exchanges. Construction will be started on eight new masonry buildings and eleven metal buildings throughout the province, while three existing buildings will be enlarged.

Included among the major projects scheduled for the next fiscal year are the completion of the Crossbar Toll Tandem Switching equipment in Calgary and the installation of new toll switchboards; the senderization of the Edmonton Toll Equipment and installation of additional Switchboards; the extension of the Drayton Valley microwave system to Edson; establishment of a fourth microwave channel — Calgary to Granum and Calgary to Regina — extensive recabling in the city of Calgary; and a start on the microwave system, Edmonton - Vegreville - Wainwright and St. Paul. In addition many smaller projects are scheduled for completion during the year.

## **PENSION FUND**

The number of employees contributing to the Pension Plan continues to grow with the increase in staff. At the end of the fiscal year there were 1,066 females and 1,498 males in the Plan, an increase of 242 over the previous year. During the year pensions were paid to 196 pensioners, for an average pension of \$141.29 at March 31st, 1959.

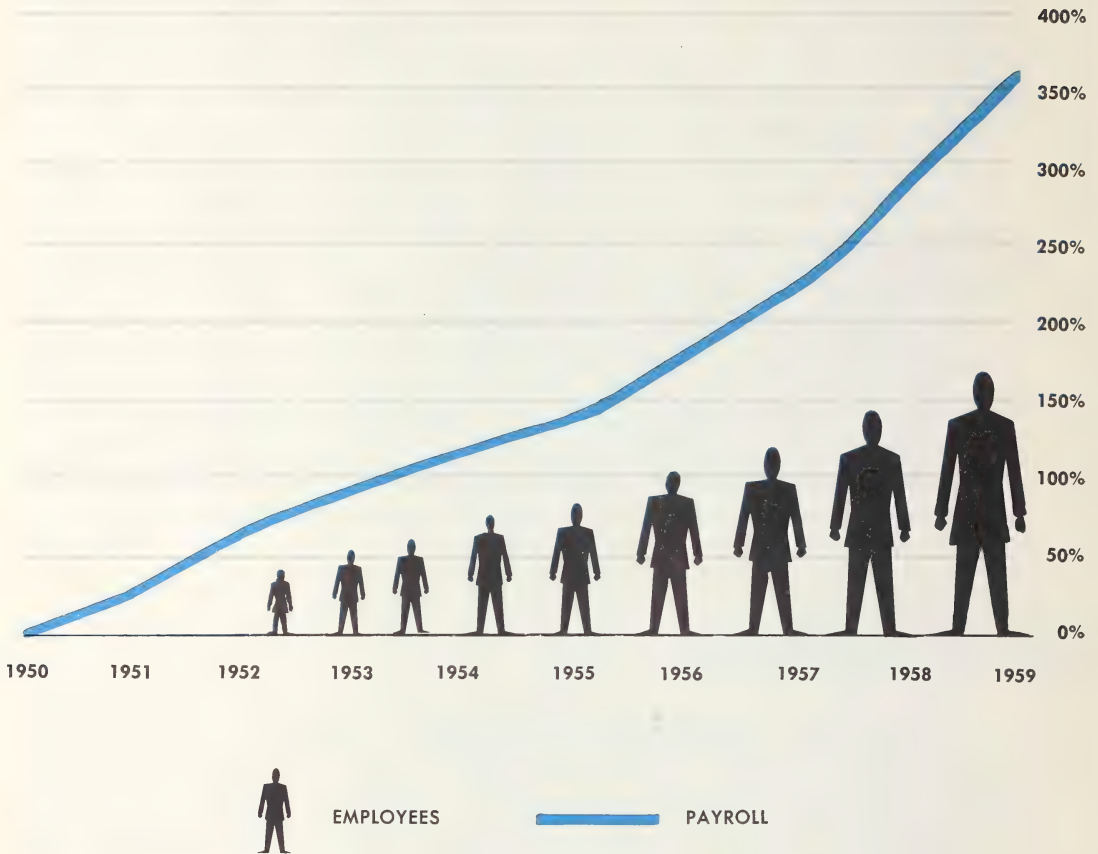
Pension Fund investments at March 31st, 1959 consisted of Government of Canada, Provincial and Municipal bonds with a par value of \$8,062,000.00. In addition there was a cash balance of \$215,879.90 on hand available for investment, and accrued interest of \$90,585.12.

With effect from December 1st, 1958, retirement allowances paid to employees who had retired prior to April 1st, 1947 were increased in an attempt to compensate them to some degree for the considerable increase in cost of living that has occurred since their retirement.

During the year the provisions of the Pension Plan were amended to advance the compulsory retirement age for female employees from sixty to sixty-five years, thus granting them the same rights in this regard as male employees.

## PERCENT INCREASE OF EMPLOYEES and TOTAL PAYROLL OVER 1950

(AS AT MARCH 31st EACH YEAR)



### EMPLOYEES

The steady growth of the system has required an increase in the number of employees, despite the continuing mechanization of many work operations, and the introduction of more advanced telephone equipment. At the end of the fiscal year there were 3,614 regular employees, an increase of 319 over last year. In addition we had 598 salaried or commissioned Agents operating switchboards for us in the smaller communities where establishment of Traffic payroll offices had not been possible. The co-operation and loyalty of all employees in making possible our accomplishments during the past year is greatly appreciated by your management.

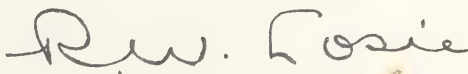


## GENERAL

The continued growth of the Telephone industry in the Province during the past few years has had the effect of increasing the investment per telephone station at a very rapid rate, due to steadily rising costs of new equipment and higher wage rates. For example, ten years ago the average investment per telephone station in the A.G.T. System was \$353.43, today it stands at \$646.79. This investment per station is the highest of any major Telephone Company in Canada and is caused by two factors; first, our policy of providing individual line service in all our exchanges, and secondly, the heavy investment in toll equipment necessary to provide long distance service to over 136,000 stations owned by others and connected to the A.G.T. System. If these stations were part of the Provincially owned system, the investment per station would be more in line with that prevailing in other major Telephone Companies.

The steady increase in labor rates is also pushing our costs upward — this, of course, is not peculiar to the telephone industry but is affecting all sectors of the economy. It does, however, have a very severe effect on the telephone business where such a very large part of operating costs consist of salaries and wages, any increase in which has an immediate and adverse effect on our earnings.

It is evident from the steady expansion of the economy of the Province that we must look forward to heavy capital expenditures for years to come if we are to provide the quality of service that will be required. It will be extremely difficult to hold our rates at their present level with the steadily increasing burden imposed by higher wage rates, more costly equipment, and the increasing fixed charges imposed on our earnings as a result of capital borrowings.



General Manager

# ALBERTA GOVERNMENT

STATE

MARCH 31, 1950

	1950	1951	1952
<b>NUMBER OF TELEPHONES</b>			
System Owned .....	69,716	78,741	90,330
Rural Mutual Company .....	23,286	24,144	24,840
Private System .....	35,328	40,937	47,750
<b>TOTAL</b> .....	<b>128,330</b>	<b>143,822</b>	<b>162,920</b>
Percent Dial Telephones .....	67.6%	68.6%	70.0%
<b>TELEPHONE MOVEMENT</b>			
Connected .....	20,930	23,239	29,190
Disconnected .....	11,953	14,214	17,600
<b>INCREASE</b> .....	<b>8,977</b>	<b>9,025</b>	<b>11,590</b>
<b>NUMBER OF EXCHANGES</b>	<b>324</b>	<b>327</b>	<b>330</b>
<b>NUMBER OF TOLL OFFICES</b>	<b>215</b>	<b>216</b>	<b>217</b>
<b>LONG DISTANCE MESSAGES</b>	<b>5,602,546</b>	<b>6,258,353</b>	<b>6,950,910</b>
<b>TOTAL PLANT</b>	<b>25,650,608</b>	<b>29,586,373</b>	<b>36,516,800</b>
<b>TOTAL EARNINGS</b>	<b>6,984,055</b>	<b>8,126,446</b>	<b>9,314,190</b>
<b>TOTAL EXPENSES</b>	<b>4,730,362</b>	<b>5,367,639</b>	<b>6,575,500</b>
<b>SURPLUS</b>	<b>2,253,693</b>	<b>2,758,807</b>	<b>2,738,690</b>
<b>EMPLOYEES</b>			
Men .....	513	588	600
Women .....	746	825	1,000
<b>TOTAL PAYROLL</b>	<b>2,506,486</b>	<b>2,978,088</b>	<b>3,958,400</b>



# ENT TELEPHONES

TICS

MARCH 31, 1959

1953	1954	1955	1956	1957	1958	1959
101,301	118,179	130,386	148,375	165,764	184,311	199,747
25,854	26,599	27,330	27,669	27,925	28,655	29,739
53,989	60,069	67,224	75,043	84,748	95,433	106,456
181,144	204,847	224,940	251,087	278,437	308,399	335,942
70.6%	73.2%	75.0%	78.1%	78.9%	79.9%	82.5%
25,467	29,518	24,589	36,260	39,169	40,742	42,166
14,503	12,640	12,380	18,275	21,805	22,195	26,730
10,964	16,878	12,209	17,985	17,364	18,547	15,436
350	367	372	374	379	387	393
216	198	185	177	168	163	150
7,719,426	8,569,511	9,389,106	10,681,658	11,805,829	12,545,182	13,770,333
45,562,898	55,652,203	66,099,199	76,669,937	93,405,722	114,623,124	134,874,290
10,720,823	12,494,470	14,085,274	16,440,052	19,087,105	20,685,490	23,693,963
7,913,449	9,594,653	10,470,519	12,461,656	15,018,684	17,693,644	21,476,820
2,807,374	2,899,817	3,614,755	3,978,396	4,068,421	2,991,846	2,217,143
753	856	949	1,099	1,238	1,431	1,649
1,217	1,339	1,383	1,569	1,760	1,864	1,965
4,726,224	5,481,912	6,054,521	7,103,698	8,232,043	9,955,164	11,759,562

# GOVERNMENT OF THE PROVINCE OF ALBERTA

## OFFICE OF THE PROVINCIAL AUDITOR

Edmonton, July 2, 1959

Honourable Gordon E. Taylor  
Minister of Telephones  
Buildings

I have audited the books and records of the Alberta Government Telephones Commission for the year ended March 31, 1959. The following statements are submitted herewith:

Statement	Particulars
A.	Balance Sheet
B.	Surplus Account
C.	Condensed Statement of Income
D.	Depreciation and Renewal Reserve
E.	Statement of Long Term Debt
	Pension and Death Benefit Fund:
F.	Balance Sheet
G.	Statement of Operations

The Alberta Government Telephones Commission was established under authority of Chapter 85, Statutes of Alberta 1958 to acquire all the assets and assume all the liabilities of the Alberta Government Telephones as at April 1, 1958.

Operations for the year resulted in a net income of \$2,217,142.76 after providing \$3,150,622.32 for interest on telephone debt and \$4,267,125.60 for depreciation and renewal reserve and \$108,308.14 being the net operating costs in respect of radio station CKUA. The net income was carried to the surplus account from which was appropriated \$262,974.13 for the acquirement of capital assets, leaving a balance of \$1,954,168.63 in the surplus account as at March 31, 1959.

The Government of Canada treasury bills, \$1,736,932.50, were held in safekeeping by the bank and were verified by certificate from the bank. Alberta Government Telephones Commission debentures held as an investment at a cost of \$504,345.00, par value \$531,000.00, were held in safekeeping by the Provincial Treasurer and were verified by actual examination.



Pension and Death Benefit Fund assets are subject to the comments in the certificate attached to the Pension and Death Benefit Fund Balance Sheet.

The Alberta Government Telephones Commission have the following estimated contingent liabilities which were not reflected on the Balance Sheet as at March 31, 1959:

In respect of commitments for purchase of equipment for future delivery	\$6,496,697.00
In respect of uncompleted building contracts	119,285.00

Subject to the foregoing, I certify that, in my opinion, the attached Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones Commission as at March 31, 1959, according to information and explanations given to me and as shown by the books of the Alberta Government Telephones Commission, and the accompanying Condensed Statement of Income correctly sets forth the result of operations for the year ended at that date.

C. K. HUCKVALE, F.C.A.  
Provincial Auditor.

**GOVERNMENT OF THE  
ALBERTA GOVERNMENT  
BALANCE SHEET AS**

**ASSETS**

Capital:

Telephone plant:

Real estate .....	\$18,468,594.10
Equipment .....	66,980,178.67
Exchange lines .....	22,136,855.91
Toll lines .....	19,148,801.10
Office furniture and fixtures .....	1,113,929.42
Tools, vehicles and sundry equipment .....	1,383,975.30
Plant under construction .....	5,641,956.06

\$134,874,290.56

Materials and supplies ..... 6,379,854.65

Unamortized discount on long term debt ..... 606,425.64

\$141,860,570.85

Current:

Cash on hand, in banks  
and treasury branches ..... \$ 280,166.99

Investments, at cost:

Government of Canada treasury bills .....	1,736,932.50
Alberta Government Telephones Commission debentures (market value \$476,570.00) .....	504,345.00

Accounts receivable, less allowance for  
doubtful accounts ..... 2,684,041.20

Interest accrued on investments ..... 12,279.81

Prepaid expenses ..... 315,072.98

5,532,838.48

Reserve Funds:

Depreciation and renewal reserve assets,  
Statement D ..... \$ 1,311,543.61

Pension and Death Benefit Fund,  
Statement F ..... 8,368,465.02

9,680,008.63

Trust Funds:

Government of Canada bonds ..... 237,125.74

\$157,310,543.70



PROVINCE OF ALBERTA  
TELEPHONES COMMISSION  
AT MARCH 31, 1959

STATEMENT A

LIABILITIES

Capital:

Long term debt, Statement E:

Advances from Provincial Treasurer .....	\$64,221,547.84
Debentures payable .....	<u>28,000,000.00</u>

\$ 92,221,547.84

Capital surplus arising from capital

assets acquired from revenue funds .....

25,213,103.51

Depreciation and renewal reserve invested  
in plant .....

24,425,919.50

\$141,860,570.85

Current:

Accounts payable .....	\$ 1,500,708.48
Wages payable .....	526,095.98
Accrued interest, not due .....	1,026,040.00
Unearned revenue .....	<u>525,825.39</u>

\$ 3,578,669.85

Income surplus, Statement B .....

1,954,168.63

5,532,838.48

Reserves:

Depreciation and renewal reserve .....	\$25,737,463.11
Less: Investment in plant .....	<u>24,425,919.50</u>

\$ 1,311,543.61

Pension and Death Benefit reserve .....

8,368,465.02

9,680,008.63

Trust:

Employees' accounts .....	\$ 133,153.06
Government of Canada bond instalments payable .....	<u>103,972.68</u>

237,125.74

\$157,310,543.70

This is the Balance Sheet referred to in my report of July 2, 1959  
addressed to the Minister of Telephones.

C. K. HUCKVALE, F.C.A.  
Provincial Auditor.

**GOVERNMENT OF THE PROVINCE OF ALBERTA  
ALBERTA GOVERNMENT TELEPHONES COMMISSION  
SURPLUS ACCOUNT AS AT MARCH 31, 1959**

Surplus as at April 1, 1958 .....	\$ —
Add:	
Net operating income for the year ended March 31, 1959 ....	2,217,142.76
	<u>\$2,217,142.76</u>
Deduct:	
Appropriation for acquirement of capital	
assets .....	262,974.13
Surplus as at March 31, 1959 .....	<u><u>\$1,954,168.63</u></u>



## STATEMENT C

**GOVERNMENT OF THE PROVINCE OF ALBERTA  
ALBERTA GOVERNMENT TELEPHONES COMMISSION**

**CONDENSED STATEMENT OF INCOME**

for the year ended March 31, 1959

Operating revenue:			
Toll earnings .....	\$13,474,846.20		
Exchange earnings .....	9,344,088.26		
Directory .....	309,578.65		
Connecting companies' rentals .....	215,980.82		
Miscellaneous .....	70,603.29		
			\$23,415,097.22
Non-operating revenue:			
Interest earnings .....	\$ 252,246.26		
Miscellaneous .....	18,207.91		
			<u>270,454.17</u>
Gross earnings .....			\$23,685,551.39
Operating expenses:			
Operations .....	\$ 8,487,969.02		
Maintenance .....	4,967,368.33		
	<u>\$13,455,337.35</u>		
Provision for depreciation and renewal, real estate and equipment .....	4,125,822.71		
Provision for doubtful accounts .....	84,000.00		
Interest on debt .....	\$3,243,033.73		
Less: Interest capitalized during construction .....	<u>92,411.41</u>		
	3,150,622.32		
Amortization of debenture discount .....	51,074.36		
Bank charges .....	13,062.49		
Pension fund contributions .....	<u>588,489.40</u>		
			<u>21,468,408.63</u>
Net operating income for the year ended March 31, 1959 .....			<u>\$ 2,217,142.76</u>

**GOVERNMENT OF THE PROVINCE OF ALBERTA  
ALBERTA GOVERNMENT TELEPHONES COMMISSION**

**DEPRECIATION AND RENEWAL RESERVE**

for the year ended March 31, 1959

Reserve as at April 1, 1958 .....		\$22,553,092.63
Add:		
Provision during the year:		
Real estate and equipment .....	\$4,125,822.71	
Tools and trucks .....	141,302.89	
	<u>\$4,267,125.60</u>	
Interest earnings .....	50,598.76	
		<u>4,317,724.36</u>
		\$26,870,816.99
Deduct: Charges to reserve:		
Plant displaced, net .....	\$ 722,687.79	
Cost of removing plant .....	158,023.23	
Obsolete, worthless equipment and supplies written off .....	161,261.00	
Sundry equipment replaced, net .....	75,605.97	
Loss on disposition of buildings, etc. ....	13,626.15	
Loss on sale of lines .....	<u>2,149.74</u>	
		<u>1,133,353.88</u>
Reserve as at March 31, 1959 .....		<u>\$25,737,463.11</u>
Represented by:		
Cash in bank .....	\$ 24,575.28	
Investments:		
Government of Canada direct and guaranteed bonds, par value (Market value \$1,183,625.00) .....	1,280,000.00	
Accrued interest .....	<u>6,968.33</u>	
		\$ 1,311,543.61
Plant investment .....		<u>24,425,919.50</u>
		<u>\$25,737,463.11</u>



**GOVERNMENT OF THE PROVINCE OF ALBERTA  
ALBERTA GOVERNMENT TELEPHONES COMMISSION**

**STATEMENT OF LONG TERM DEBT**

as at March 31, 1959

Advances from the Provincial Treasurer (Note 1):

Original Advance	Rate of Interest	Final Maturity Date	Balance at March 31, 1959
\$ 2,000,000.00	3%	December 1, 1975	\$ 1,513,255.56
5,000,000.00	3	December 1, 1976	3,951,561.80
7,000,000.00	3	December 1, 1977	5,761,061.94
16,560,141.78	3	June 1, 1980	13,255,268.38
8,000,000.00	3½	December 1, 1978	6,902,398.90
8,000,000.00	3½	December 1, 1979	7,137,410.60
7,000,000.00	3½	December 1, 1980	6,443,856.92
10,000,000.00	3½	December 1, 1981	9,479,580.07
10,000,000.00	4½	December 1, 1982	9,777,153.67
			<u>\$64,221,547.84</u>

Debentures payable (Note 2):

3¾% debentures maturing July 2, 1963	--	\$10,000,000.00
4¼% debentures maturing July 2, 1978	--	<u>18,000,000.00</u>
		<u>28,000,000.00</u>

Long term debt at March 31, 1959 ----- \$92,221,547.84

Note 1: Advances from the Provincial Treasurer are repayable on a semi-annual basis. Repayments due in the year ended March 31, 1960 amount to \$2,097,410.64.

Note 2: (a) Debentures payable are unconditionally guaranteed as to principal and interest by the Government of the Province of Alberta.

(b) The Commission will make an annual sinking fund payment of \$560,000.00 to the Provincial Treasurer commencing July 2, 1959.

(c) The debentures maturing July 2, 1978 are callable July 2, 1976.

**GOVERNMENT OF THE PROVINCE OF ALBERTA  
ALBERTA GOVERNMENT TELEPHONES COMMISSION**

**PENSION AND DEATH BENEFIT FUND**

Balance Sheet at at March 31, 1959

**ASSETS**

Cash on hand and in bank .....		\$ 215,879.90
Investments, at book value .....	\$8,062,000.00	
Accrued interest .....	90,585.12	
		<u>8,152,585.12</u>
		<u>\$8,368,465.02</u>

**LIABILITIES**

Pension and Death Benefit Fund Reserve:		
Employees' accounts .....		\$2,073,186.93
Employer's account .....		6,295,278.09
		<u>\$8,368,465.02</u>

Edmonton, Alberta

July 2, 1959

I have audited the books and records of the Alberta Government Telephones Commission's Pension and Death Benefit Fund for the year ended March 31, 1959.

Investments were verified by actual examination and are summarized hereunder:

<u>Bonds and debentures</u>	<u>Par Value</u>
Government of Canada, direct and guaranteed .....	\$2,165,000.00
Provincial, direct and guaranteed .....	3,191,000.00
Municipal .....	2,520,000.00
School districts .....	186,000.00
	<u>\$8,062,000.00</u>

The approximate market value of the above securities amounted to \$7,465,000.00 as at March 31, 1959.

An actuarial survey as at December 31, 1957 indicates that the fund as presently constituted will be sufficient to meet all future requirements.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Pension and Death Benefit Fund as at March 31, 1959, according to information and explanations given to me and as shown by the books of the Fund, and the accompanying Statement of Operations correctly summarizes the transactions for the year ended at that date.

C. K. HUCKVALE, F.C.A.  
Provincial Auditor.



**GOVERNMENT OF THE PROVINCE OF ALBERTA  
ALBERTA GOVERNMENT TELEPHONES COMMISSION  
PENSION AND DEATH BENEFIT FUND**

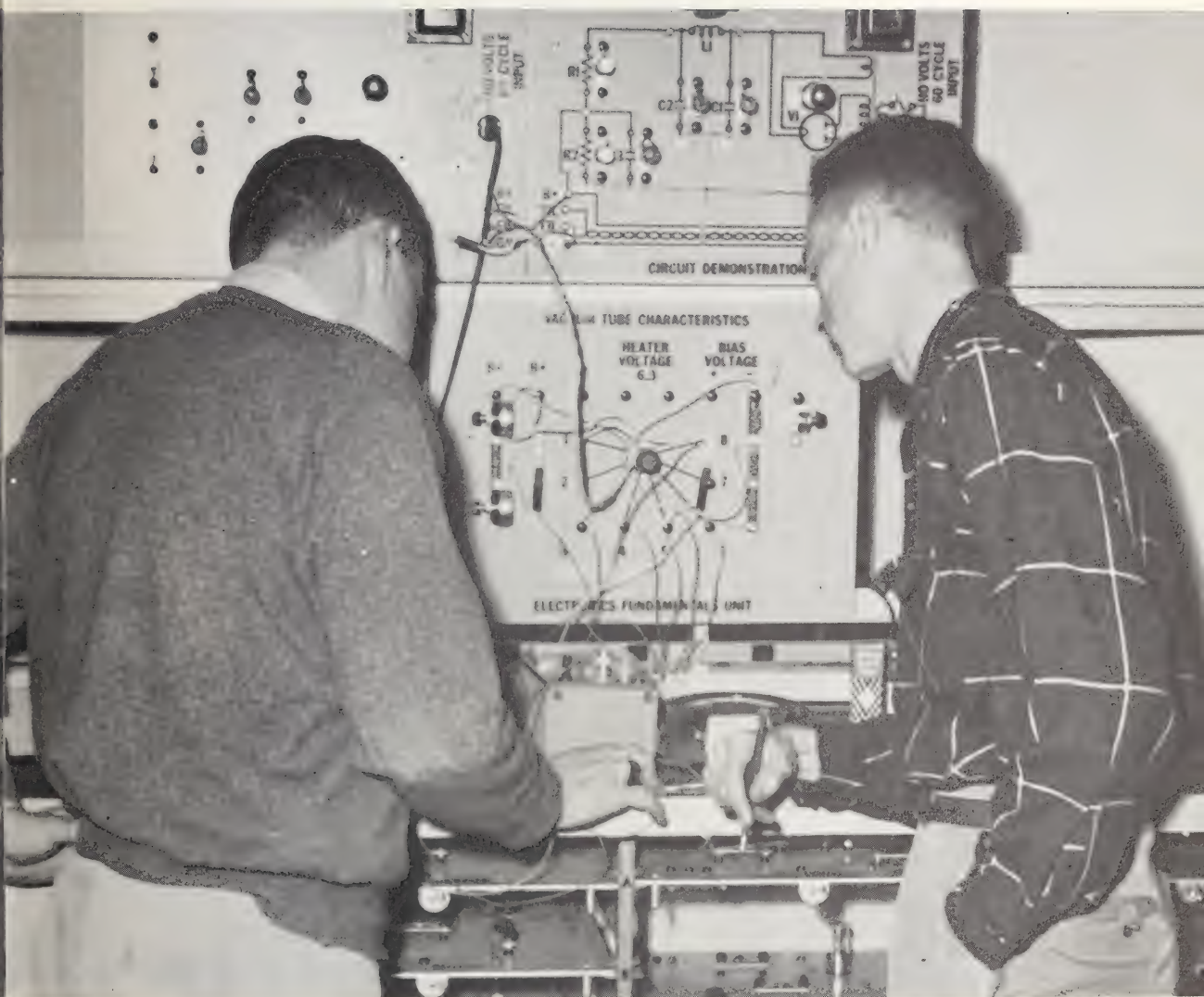
**STATEMENT OF OPERATIONS  
for the year ended March 31, 1959**

	<u>Employees' Account</u>	<u>Employer's Account</u>	<u>Total</u>
Pension and Death Benefit Fund reserve as at April 1, 1958 ....	\$ 1,762,903.71	\$ 5,544,029.33	\$ 7,306,933.04
Add: Contributions, earnings and transfers:			
Contributions .....	450,033.04	718,981.96	1,169,015.00
Earnings .....	52,453.37	265,311.49	317,764.86
Transfers in respect of employees retiring on pension .....	<u>72,548.07</u>	<u>72,548.07</u>	<u>—</u>
Transfers from Public Service Pension Act, net .....	2,544.35	2,544.35	5,088.70
	<u>\$ 2,195,386.40</u>	<u>\$ 6,603,415.20</u>	<u>\$ 8,798,801.60</u>
Deduct:			
Pension payments .....	\$	\$ 308,137.11	\$ 308,137.11
Withdrawals .....	122,199.47	—	122,199.47
	<u>\$ 122,199.47</u>	<u>\$ 308,137.11</u>	<u>\$ 430,336.58</u>
Pension and Death Benefit Fund reserve as at March 31, 1959	<u>\$ 2,073,186.93</u>	<u>\$ 6,295,278.09</u>	<u>\$ 8,368,465.02</u>



The newest in information board installed during the year in Calgary



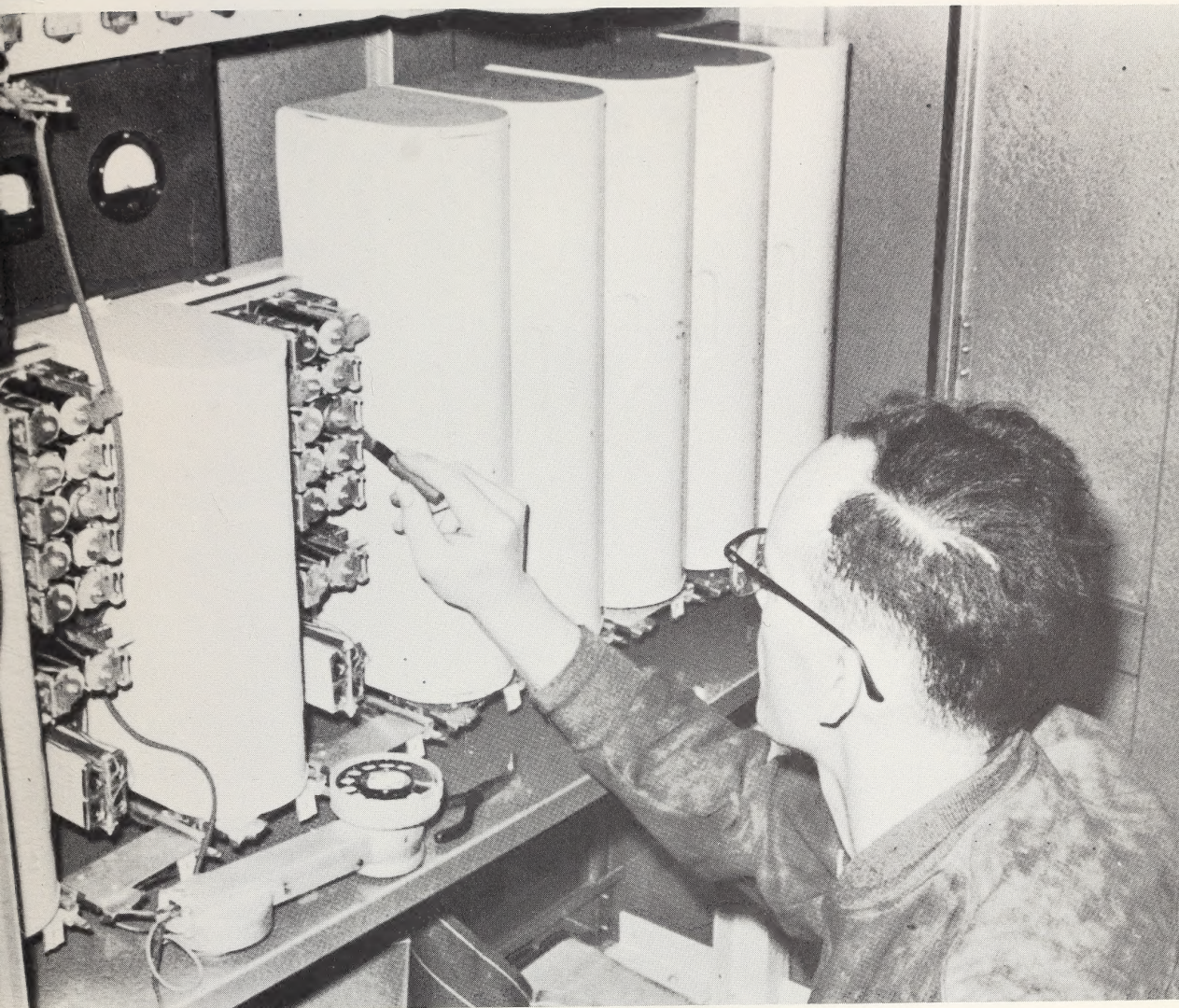


Classroom lessons are supplemented with practical training on special equipment during one of the many plant training courses held during the year.



New toll boards in Calgary Toll Building on 7th Avenue





Testing new installation of a Private Automotive Branch Exchange.





Lining up antennae of portable microwave equipment. This equipment was used many times during the year for remote telecasts of such special events as the opening of parliament and the visit of Her Majesty Queen Elizabeth II and H.R.H. Prince Philip.

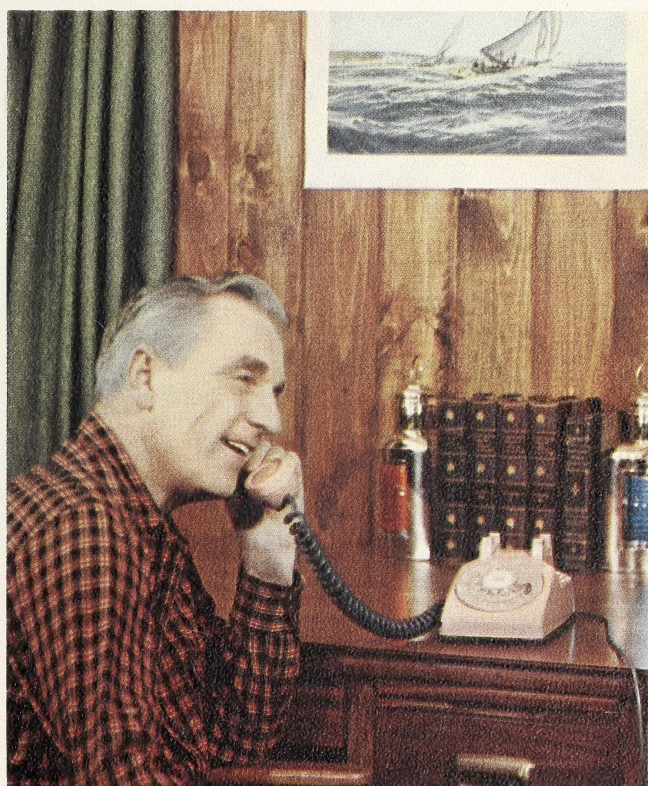




The convenience of an extension telephone in the kitchen is immediately apparent to any busy housewife

**A**TTRACTIVE TELEPHONES are offered to Alberta subscribers in ten beautiful decorator colors in a variety of shades at very modest rentals. Colored sets are becoming increasingly popular.

Extension telephones in the study or rumpus room have been installed in many Alberta homes during the year







## *telephone service ...*

has required many innovations through the years. Pictured here is the cable car at rest at the upper terminal on the top of Crowsnest Mountain. During the long winter months of ice, snow and high winds, the cable car often provides the only means of access to the Microwave Station for A.G.T. maintenance crews.

